



May 31, 2012

Gary Napper, City Manager
City of Clayton
6000 Heritage Trail
Clayton, CA 94517

Dear Mr. Napper:

Subject: Recognized Obligation Payment Schedule Approval Letter.

Pursuant to Health and Safety Code (HSC) section 34177 (I) (2) (C), the City of Clayton (City) submitted Recognized Obligation Payment Schedules (ROPS) to the California Department of Finance (Finance) on May 14, 2012 for the periods January to June 2012 and July to December 2012. Finance has completed its review of your ROPS and subsequent correspondence dated May 18, 2012, which included obtaining clarification for various items. In addition, Finance assumes appropriate oversight board approval.

However, the following items are still not enforceable and cannot be used to make payments.

January through June 2012 Period

- Item 4 through 6 are City loans totaling \$140,912. HSC section 34171 (d) (2) states loans between the City and the former redevelopment agency (RDA) are not EOs.

July through December 2012 Period

- Item 4 and 22 are City loans totaling \$141,114. HSC section 34171 (d) (2) states loans between the City and the former redevelopment agency (RDA) are not EOs.
- Item 10 is an unencumbered reserve with no signed contract totaling \$87,350. HSC section 34163 (b) prohibits SA's from entering into new contracts after June 27, 2011.

This letter supersedes our approval letter dated May 25, 2012. Except for items disallowed in whole or in part as enforceable obligations noted above, Finance is approving the remaining items listed in your ROPS for both periods. This is our determination with respect to any items funded from the Redevelopment Property Tax Trust Fund (ROTTF) for the June 1, 2012 property tax allocations. If your oversight board disagrees with our determination with respect to any items not funded with property tax, any future resolution of the disputed issue may be accommodated by amending the ROPS for the appropriate time period. Items not questioned during this review are subject to a fresh review, if they are included on a future ROPS. If new information comes to light indicating that an item included on a future ROPS is not an enforceable obligation, Finance reserves the right to remove that item from the future ROPS, even if it was not removed from the preceding ROPS.

Please refer to Exhibit 12 at http://www.dof.ca.gov/assembly_bills_26-27/view.php for the amount of Redevelopment Property Tax Trust Fund (RPTTF) that was approved by Finance

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based on the schedule submitted. Although Finance's review is complete, the approved items on the ROPS identified as having RPTTF as the funding source are only payable to the extent property tax is available.

Please direct inquiries to Robert Scott, Supervisor or Kylie Le, Lead Analyst at (916) 322-2985.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Hill". The signature is written in a cursive, flowing style.

MARK HILL
Program Budget Manager

cc: Ms. Merry Pelletier, Finance Manager, City of Clayton
Mr. Bob Campbell, Auditor-Controller, Contra Costa County
Mr. Jay Wildering, Chief Accountant, Contra Costa County